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# UNITED NATIONS POPULATION FUND

## REPORT OF THE DIRECTOR OF THE DIVISION FOR OVERSIGHT SERVICES ON UNFPA INTERNAL AUDIT AND OVERSIGHT ACTIVITIES IN 2011

*Summary*

The present report on UNFPA internal audit and oversight activities in 2011 responds to Executive Board decision 2011/22 and other pertinent Board decisions. The report seeks to inform the Board of the most significant risks that could impact the work of the Fund in a development environment marked by change and challenges.

Following the introduction, section II of the report presents a review of oversight activities completed in 2011. Section III provides an overall audit assessment of the risk exposure of UNFPA. Section IV highlights significant issues revealed through the audit and evaluation activities of the Division for Oversight Services (DOS). Section V discusses investigations. Section VI provides a detailed review of internal audit recommendations issued in 2007-2011 and their implementation status. Section VII notes the management actions undertaken in follow-up to the 15 recommendations issued by DOS in its previous report (DP/FPA/2011/5). Section VIII contains a recommendation. It should be noted that the audit and evaluation reports issued in 2011 are listed in a separate annex available on the UNFPA website.

The annual report of the UNFPA Audit Advisory Committee and the management response thereto are contained in the addendum DP/FPA/2012/9 (Add.1). In addition, a separate comprehensive management response is made available on the UNFPA website.

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# Contents

*Page*

I. Introduction ..... 4

II. Oversight activities in 2011 ..... 4
- A. Resources ..... 5
- B. Compliance with the oversight policy – Disclosure of internal audit reports ..... 6
- C. Integrity of the Division for Oversight Services ..... 6
- D. Methodology for internal audit engagements ..... 6

III. UNFPA risk exposure and trends ..... 6
- A. Key global risks derived from audit activities ..... 6
- B. Country offices risk assessment derived from audit activities ..... 7

IV. Significant issues revealed through activities of the Division for Oversight Services ..... 10
- A. Significant issues derived from audit activities ..... 10
- B. Significant issues derived from evaluation activities ..... 15

V. Investigations ..... 16

VI. Follow-up of 2007-2011 internal audit recommendations ..... 17

VII. Follow-up to recommendations issued in the report of the Director of the Division for Oversight Services on UNFPA internal audit and oversight activities in 2010 ..... 19

VIII. **Recommendation** ..... 19

ANNEX 1: STATUS OF IMPLEMENTATION OF RECOMMENDATIONS ISSUED IN 2011 BY THE DIVISION FOR OVERSIGHT SERVICES ..... 21

ANNEX 2: RECURRENT AUDIT ISSUES ..... 29

## List of figures

Figure 1: Country offices risk profiles ..... 8
Figure 2: Consolidated risk profile of country offices ..... 9
Figure 3: Trend in risk categories (2007 baseline index at 100 per cent) ..... 10
Figure 4: Country offices audit recommendations by area ..... 11
Figure 5: Evolution of operating fund account balances from December 2009 to December 2011 ..... 13
Figure 6: Types of complaints, 2011 ..... 16
Figure 7: Recommendations unresolved for 18 months or more (total 29) ..... 19

## List of tables

Table 1: Human resources in the Division for Oversight Services in 2011 ..... 5
Table 2: Comparison of 2009 and 2010 national execution audit performance ..... 12
Table 3: Closing of investigations in 2011 ..... 17
Table 4: Implementation status by year of audit/oversight recommendations ..... 18

List of Acronyms

| | |
|---|---|
| AAC | Audit Advisory Committee |
| Atlas | PeopleSoft™ software |
| AWP | Annual workplan |
| BOA | United Nations Board of Auditors |
| CPE | Country programme evaluation |
| DOS | Division for Oversight Services (UNFPA) |
| EQA | Evaluation quality assessment |
| ERM | Enterprise risk management |
| ERP | Enterprise resource planning |
| FACE | Funding Authorization and Certificate of Expenditures form |
| HACT | Harmonized approach to cash transfers to implementing partners |
| ICF | Internal control framework |
| ICT | Information and communications technology |
| IIA | Institute of Internal Auditors |
| IPSAS | International Public Sector Accounting Standards |
| IT | Information technology |
| M&E | Monitoring and evaluation |
| MIS | Management Information Services |
| NEX | National execution |
| NEXAMS | National execution audit management system |
| OFA | Operating fund account |
| UNEG | United Nations Evaluation Group |

# I. Introduction

1. The present report provides the Executive Board with a summary of the internal audit, evaluation[1] and investigation activities of UNFPA in 2011. It is presented following the first full year of leadership under the present Executive Director. UNFPA is undertaking several key initiatives associated with the implementation of a new business plan. The present report seeks to inform the Executive Board of the most significant UNFPA achievements in 2011 and the major risks that could impact the Fund's work in an environment marked by development challenges in assisting countries in implementing the Programme of Action of the International Conference on Population and Development, and achieving the Millennium Development Goals. Furthermore, pursuant to decision 2008/37, the annual report of the UNFPA Audit Advisory Committee (AAC) and the management response thereto are provided in the addendum (DP/FPA/2012/9, Add.1) to the present report. In addition, a separate comprehensive management response is made available on the UNFPA website. Also, the audit and evaluation reports issued in 2011 are listed in a separate annex on the UNFPA website.

2. This report is presented at a time when UNFPA continues to address, as a top organizational priority, the issues raised by the United Nations Board of Auditors (BOA) in its report (A/65/5/Add.7) which was issued with a qualification on the financial statements for the biennium 2008-2009. In its annual report on UNFPA internal audit and oversight activities in 2010 (DP/FPA/2011/5) the Division for Oversight Services (DOS) provided a risk analysis with 15 high-level recommendations aimed at bringing about change and improvement in UNFPA operations. In response to that report and under the guidance of the Executive Director, UNFPA has established its priorities through the midterm review (MTR) of the strategic plan and the establishment of a business plan. Annex 1 reflects the status of the implementation of the 15 recommendations issued in 2011 (in DP/FPA/2011/5) as reported by UNFPA management. DOS will be in a position to validate the implementation of the management actions concerning these 15 recommendations during the course of the next 12-24 months.

3. A list of audit reports issued by DOS is available on its website in accordance with Executive Board decisions 2008/37 and 2011/23. The procedures for disclosure, as stipulated in DP/FPA/2008/14, continue to apply. The two independent country programme evaluations (CPEs) for Bolivia and Cameroon conducted by DOS are posted on the evaluation page of the UNFPA website.

# II. Oversight activities in 2011

4. DOS completed 13 internal audit engagements, five advisory services and two country programme evaluations in 2011. Details of these activities are provided in an annex on the UNFPA website. Furthermore, DOS led and/or participated in joint audits (for example, of the harmonized approach to cash transfers to implementing partners, HACT, and Delivering as One) and in joint evaluations. DOS was active in inter-agency activities and meetings, including on internal audit (Meeting of Representatives of Internal Audit Services of the United Nations Organizations, Multilateral Financial

[1] See biennial report on evaluation (DP/FPA/2012/8) for a comprehensive analysis of the evaluation function at UNFPA.

Institutions and Associated International Organizations), investigations (Conference of International Investigators) and evaluation (United Nations Evaluation Group, UNEG).

## A. Resources

Human resources

5. As at 10 February 2012, DOS had 21 professional posts, out of which one internal auditor position remains vacant. An analysis of the 2011 staffing situation shows significant improvement in filling the professional staff vacancies in all three Branches of DOS. Two additional professional posts were created in the Investigation Branch representing a significant investment in the promotion of fraud prevention and detection activities. This is in accordance with Executive Board decision 2011/22.

6. The Director of DOS retired on 31 January 2012. A new Director joined DOS in mid-March 2012. On 15 February 2012, the Deputy Director transferred to the United Nations Secretariat and recruitment is under way to fill the vacancy. Table 1 summarizes the authorized DOS professional posts in 2011.

Table 1
**Human resources in the Division for Oversight Services in 2011**

| | Number of professional posts | Person-months | Person-months vacant | Percentage vacant |
|---|---|---|---|---|
| Director | 1 | 12 | 0 | 0% |
| Deputy Director | 1 | 12 | 0 | 0% |
| Special Assistant to the Director | 1 | 12 | 0 | 0% |
| Internal Audit Branch | 8 | 96 | 9 | 9% |
| Evaluation Branch | 5 | 60 | 7 | 12% |
| Investigation Branch | 3 | 36 | 3 | 8% |
| Total for DOS | 19 | 228 | 19 | 8% |

Financial resources

7. The Division for Oversight Services receives funding from two sources: (a) the UNFPA institutional budget; and (b) UNFPA programme resources (global and regional programme). In 2011, the DOS budget amounted to $6,298,842 of which $4,341,842 (69 per cent) was from institutional budget funds and $1,957,000 (31 per cent) from the UNFPA global and regional programme resources. There was a 22 per cent increase in overall budget funding for the oversight function compared to 2010 ($5,152,884).

### B. Compliance with the oversight policy – Disclosure of internal audit reports

8. As at 10 February 2012, a total of 13 internal audit reports were disclosed in response to the requests from the United States of America (11 reports) and the United Kingdom of Great Britain and Northern Ireland (two reports). All disclosures took place at the UNFPA headquarters in New York, and were undertaken in accordance with the relevant provisions of the UNFPA oversight policy and pertinent Executive Board decisions, and under conditions of confidentiality.

### C. Integrity of the Division for Oversight Services

9. The integrity of DOS is ensured by measures taken to guarantee its objectivity and independence. It is mandatory for all staff to declare any conflict of interest and to file a financial disclosure form annually with the UNFPA Ethics Office.

10. The quality of DOS work is regularly monitored by BOA and AAC. All auditors are encouraged to pass the Certified Internal Auditor examination, and DOS was certified to be Institute of Internal Auditors (IIA) compliant in 2010. All investigators have passed the Certified Fraud Examiners examination.

### D. Methodology for internal audit engagements

11. In accordance with the International Standards for the Professional Practice of Internal Auditing, the assurance process performed by DOS is risk-based. Two main factors determine the audit plan that is approved by the Executive Director after review by the AAC: the risk exposure of business units and the time elapsed since the last audit. The risk assessment is conducted at all levels of operations in UNFPA. The risk classification adopted by UNFPA has been extensively described in earlier reports to the Executive Board (DP/FPA/2006/4, DP/FPA/2007/14 and DP/FPA/2010/20).

## III. UNFPA risk exposure and trends

### A. Key global risks derived from audit activities

12. There are significant global risks for UNFPA, many of which emanate from a highly decentralized operation with over 130 offices worldwide; a large number of implementing partners and annual workplans (AWPs); and programming fragmented across country programmes, thematic areas, humanitarian response as well as global and regional programmes. In addition, there are several compliance gaps concerning resource mobilization, human resources, timeliness, the quality of donor reporting, and operating fund account (OFA) management.

13. Moreover, there is a multiplicity of significant ongoing initiatives such as the enhancement to enterprise risk management (ERM), the internal control framework (ICF), the information and communications technology (ICT) strategy, implementation of the International Public Sector Accounting Standards (IPSAS), and the implementation of the new business plan.

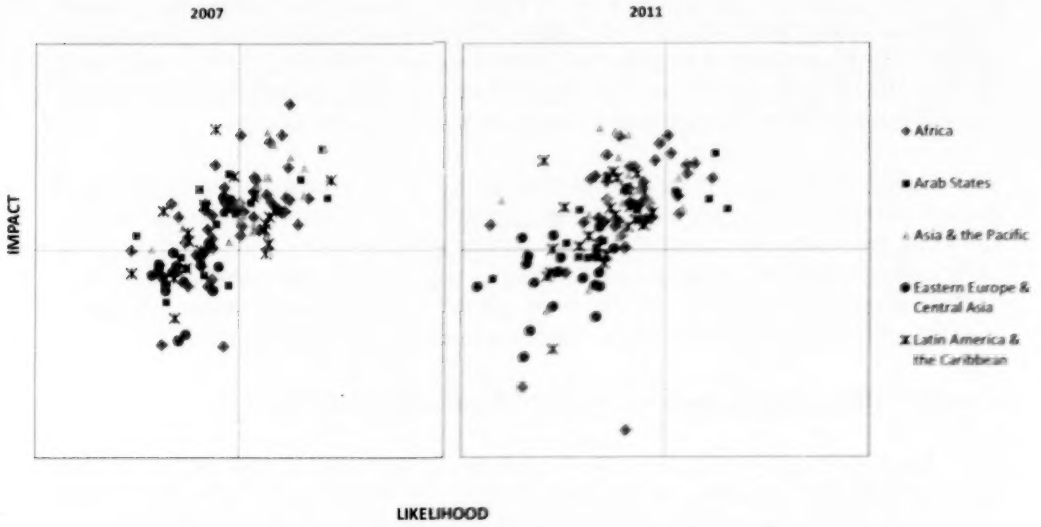
14. Additional efforts are needed to strengthen the ICF for programme execution as well as develop mechanisms to ensure ICF compliance and adherence in various operational areas. To better address the priorities of the new business plan, continued efforts are required to apply evidence-based programming methodology and better align programme resource allocation with beneficiary needs; streamline the country programme action plans and AWPs in country offices; develop a succession planning and management framework; strengthen the monitoring and evaluation (M&E) function in country offices; and reassess the ICT architecture, including the management, staffing and organization of the Management Information Services (MIS) Branch.

15. Many of the above-mentioned challenges are in the process of being addressed through the business plan and a new cluster approach is being operationalized to optimize resources, break silos, and deliver results by achieving the objectives of the strategic plan. DOS acknowledges the preliminary efforts by management in addressing risks in many of these areas, which require a well-planned and thoughtful approach to integrate and/or consolidate tools, resources and processes in implementing the new business plan.

## B. Country offices risk assessment derived from audit activities

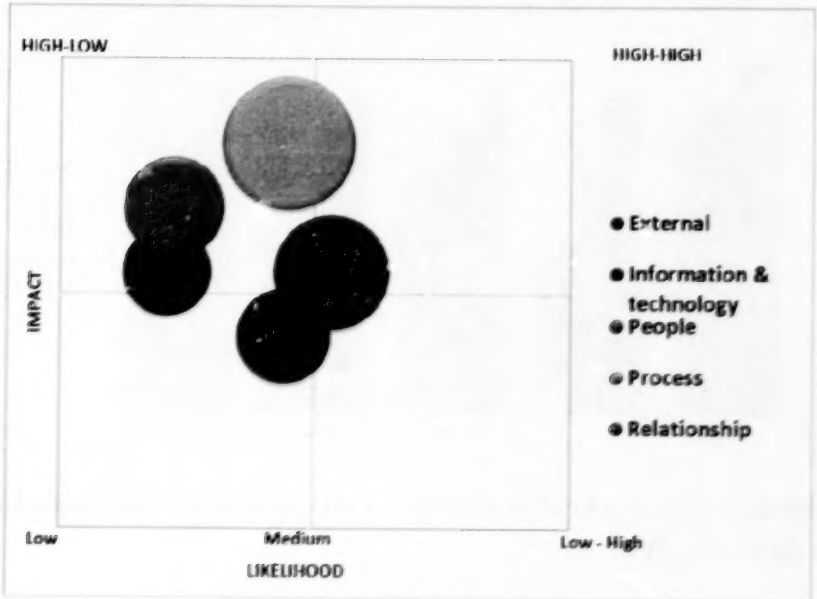
16. The risk universe encompasses all UNFPA country offices, with the expenditure amounting to $575 million as at 10 February 2012, or 69 per cent of the UNFPA total annual expenditure. As indicated in figure 1, the country offices risk mapping is showing an improvement characterized by a migration of the points to the left side of the risk matrix. This positive finding shows that the actions initiated by UNFPA to correct some deficiencies have started showing results. DOS noted that a series of initiatives were undertaken to improve controls over the national execution (NEX) modality as well as the funding provided through OFA.

Figure 1
**Country offices risk profiles**



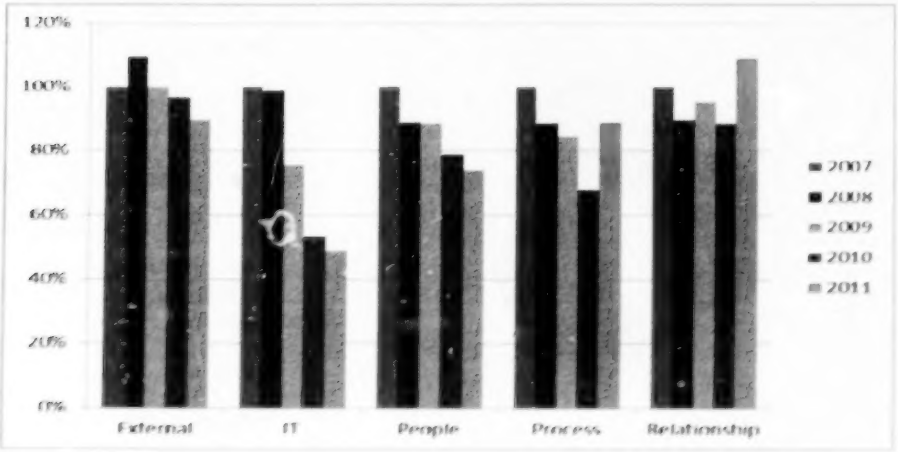

17. With the availability of comparable data from previous years, the model provides an indication of trends by risk categories (for definitions see DP/FPA/2006/4 and DP/FPA/2007/14). The results of the analysis carried out in February 2012 show that relationship and process risks still remain high (see figure 2).

Figure 2
**Consolidated risk profile of country offices**




18. The trend in these risks can be associated with weaknesses in internal controls, programme management and monitoring. These issues, already mentioned in DP/FPA/2007/14, DP/FPA/2008/11, DP/FPA/2009/5 and DP/FPA/2010/20, should continue to receive greater attention by management. These findings are congruent with those identified by the external auditors and those detailed in earlier DOS oversight reports as depicted in figure 3.

Figure 3
**Trend in risk categories (2007 baseline index at 100 per cent)**



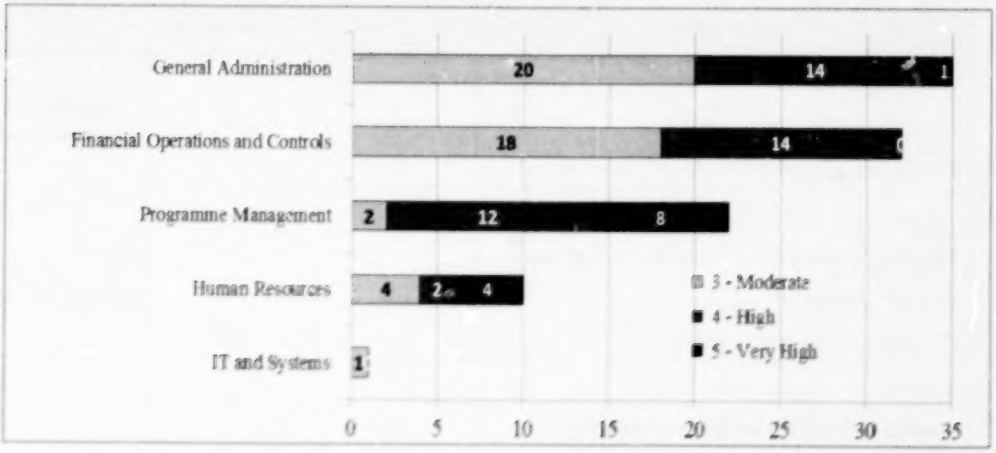

# IV. Significant issues revealed through activities of the Division for Oversight Services

## A. Significant issues derived from audit activities

Country offices

19. Four of the audit engagements completed in 2011 assessed controls and operations at UNFPA country offices with expenditures amounting to $43.26 million in 2010 (5 per cent of total UNFPA expenditures). The risk management performance of two of the country offices assessed was rated as unsatisfactory due to internal control, compliance and operational issues that could prevent the achievement of the objectives of the entities. The performance of the other two country offices was assessed as partially satisfactory and satisfactory, respectively. As shown in figure 4, the country office audit assessment reports issued in 2011 contained 100 recommendations, 55 per cent of which were rated as high or very high impact. Annex 2 provides details on the most common audit issues identified within those categories.

Figure 4
**Country offices audit recommendations by area**




Headquarters units

20. The Division for Oversight Services completed nine headquarters audits in 2011. One of these engagements (2010 NEX expenditure audit process) received a satisfactory audit rating. Three audits (contracts management; governance arrangements in support of country office programme delivery; and ICT procurement and cost management) were rated as unsatisfactory. Issues identified as a result of these engagements are discussed in section IV of this report. Three engagements (OFA monitoring process; procurement of reproductive health commodities; and Windows file server and security controls) were rated as partially satisfactory. The final reports corresponding to two additional engagements: performance audit of the global and regional programme, and the joint assessment with UNDP and UNICEF of HACT had not been issued at the date of submission of the present report. In total, DOS issued 148 recommendations as a result of its internal audit assessments of headquarters units and functions, 59 per cent of which were rated as high or very high risk.

National execution

21. The assessment of the 2010 NEX audit process completed by DOS in 2011 revealed a significant improvement in the planning, execution and tracking of NEX audits. This resulted from: (a) the review of the NEX audit terms of reference; (b) clear guidance and communications to business units; (c) the inclusion of direct payments made on behalf of implementing partners within the scope of the audits; (d) enhancements to the system used to plan, track and report the audits (NEXAMS - national execution audit management system); and (e) a better oversight of the process by DOS. Together with the decision to engage a global audit firm to perform a significant portion of all NEX audits, these enhancements contributed to an improved rate of audit plan and report completion, providing management with a high level of assurance regarding NEX expenditures (see table 2).

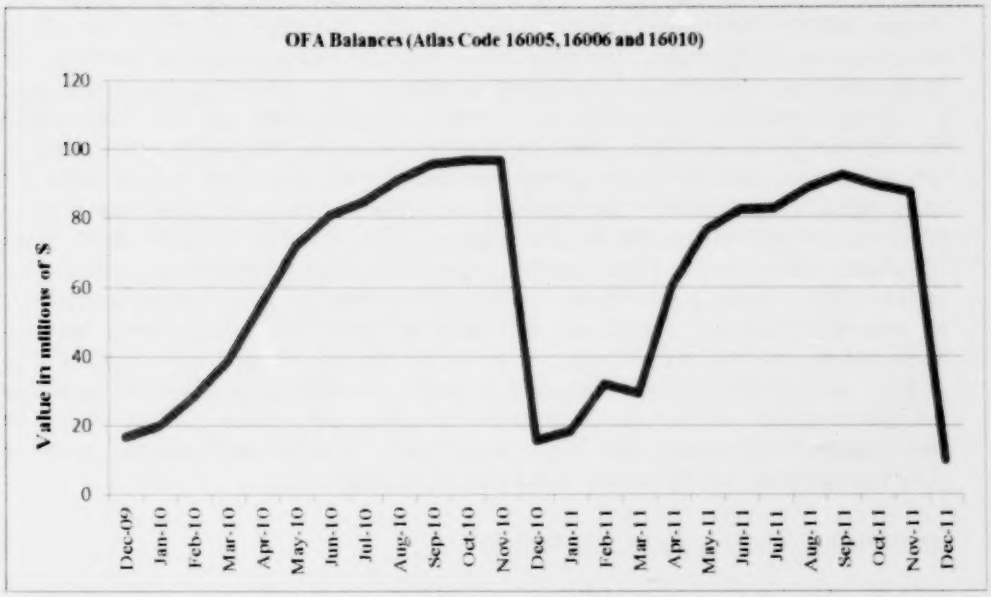
Table 2
**Comparison of 2009 and 2010 national execution audit performance**

| Indicator | 2009 | 2010 | Trend |
|---|---|---|---|
| **Audit coverage** | | | **Significant improvement** |
| Expenditures audited ($ millions) | 129.1 | 171 | |
| Percentage of total NEX expenditures audited | 61 | 76 | |
| | | | |
| **Qualified, modified or adverse NEX opinions** | | | **Improvement** |
| Number of reports | 107 | 102 | |
| Percentage of audits performed | 16.6 | 13.1 | |
| | | | |
| **Unsupported NEX audit expenditures** | | | **Deterioration** |
| Amount ($ millions) | 3.8 | 6.1 | |
| Percentage of audited NEX expenditures | 2.9 | 3.8 | |
| | | | |
| **NEX audits not completed for reasons other than force majeure** | | | **Improvement** |
| Expenditures not audited ($ millions) | 1.3 | 0.7 | |
| Percentage of total NEX expenditure | Less than 1 | Less than 1 | |
| | | | |
| **NEX audit reports submitted late (percentage)** | 46 | 34 | **Improvement** |

22. The increase in the amount of unsupported expenditures reflected in table 2 is a result of a more consistent and focused audit approach, and should not be construed as a representation of weaknesses in the NEX audit process. As at 10 February 2012, management had engaged the concerned implementing partners to ensure that corrective actions are implemented to address the issues that could result in unsupported expenditures going forward. Furthermore, efforts are under way to clear the 2010 unsupported expenditures by either obtaining appropriate supporting documentation or a refund of the funds advanced from the concerned implementing partners.

23. UNFPA management at headquarters and in country offices undertook a series of initiatives to improve the control over the national execution of UNFPA-supported programme activities and the funding provided to implementing partners through OFA. While noteworthy, these efforts have not yet allowed UNFPA to address root issues that result in a high level of outstanding advances towards the last quarter of each year, and their liquidation over a short period of time in January of each year, as shown in figure 5.

Figure 5
**Evolution of operating fund account balances from December 2009 to December 2011**




24. Similar to the position in 2010, OFA month-end balances peaked at a high of $91.88 million at the end of September 2011 ($95.54 million in September 2010), subsequently decreasing to $9.67 million by 31 December 2011. The pace of fund advances and corresponding liquidation of this account continues to raise questions about the adequacy of financial reporting by country offices. Of particular concern is the lack of compliance by many business units with the new OFA management policy that was communicated by the Executive Director in January 2011, as advances continued to be made to implementing partners with qualified audit opinions and unsupported NEX audit expenditures and before clearing advances previously issued. This is a significant issue that requires continued attention and actions from senior management.

Contract management

25. During 2011, DOS completed an assessment of headquarters contracts which revealed multiple exceptions that could potentially prevent UNFPA from consistently obtaining best value for money from the procurement of goods and services. To a great degree, these issues are a result of: (a) lack of a clear definition and ownership of the contract management process; (b) lack of an integrated, end-to-end contract management system; (c) weaknesses in preventive controls to enforce contract award approval requirements; and (d) gaps in policies and procedures and staff capabilities. Management actions to address the gaps identified have already started and will continue throughout 2012.

Governance arrangements in support of country office programme delivery

26. In 2011, DOS conducted an audit of the governance arrangements supporting country office programme delivery through the coverage of areas including: (a) programme formulation; (b) programme financial management; (c) performance monitoring and reporting; (d) technical assistance; (e) monitoring and evaluation; (f) human resources management; (g) resource mobilization; and (h) commodities procurement. DOS identified several improvements in each of these areas, particularly in specifying clear and simple operational procedures, and designating responsibility for tasks within the structures of headquarters and regional offices to oversee the country office programme delivery. Improvement opportunities identified include: (a) the need for greater clarity on the organization's expectations from restructuring and whether regional offices should primarily develop regional expertise or act as a clearing house for all oversight functions; (b) clearer definition of roles and responsibilities between headquarters and regional offices for the provision of country programme quality reviews; and (c) the need to simplify and better articulate the performance reporting framework. While vacancy management has improved, the process continues to be too slow to respond to country offices' demands leading to prolonged vacancies in senior posts such as those of Representative and Deputy Representative.

Information and communications technology

27. The 2011 assessment of ICT procurement and cost management activities revealed weak controls, increasing the risk of: (a) contract awards not being made in accordance with applicable policies and procedures or not being based on a sufficiently competitive procurement process; (b) additional costs and overpayments to vendors; and (c) project delays and performance shortfalls. Many of the issues resulted from the low maturity of ICT processes in place at UNFPA, as revealed in the ICT control risk assessment performed in 2010. Further, there was an increased demand for ICT services and goods, placing heavy pressure on existing ICT supply capabilities.

International Public Sector Accounting Standards

28. From 1 January 2012, UNFPA is implementing IPSAS. IPSAS compliance will ensure that UNFPA financial reports will provide a complete and accurate picture of its financial performance and position. Adopting IPSAS implies improved accountability, greater transparency, improved management and planning, better support for results-based management and harmonization of reports and statements across the United Nations system.

29. In 2010, DOS recommended that UNFPA should clearly identify the implications of the adoption of IPSAS for programme and operations, review the project implementation plan, assign sufficient resources, and enhance project governance and oversight to minimize the risks that could prevent an effective IPSAS implementation by the established deadline of 1 January 2012.

30. Despite noteworthy efforts to implement DOS recommendations, significant risks still remain which require management attention as they could adversely impact the

successful implen :ntation of IPSAS. These risks include, inter alia, the accuracy and completeness of inventory records and the accounting recognition of inventory transactions; the accuracy of fixed asset records; and the accuracy of leave records and their related accounting values in the UNFPA financial statements.

## B. Significant issues derived from evaluation activities

Evaluation quality assessment

31. In response to the Executive Board request, all country programmes coming to an end in 2010-2011 were subject to evaluation prior to the development of subsequent country programme documents. This resulted in an increase in the evaluation coverage from 30 per cent in 2009 to 100 per cent in 2011. However, as shown by the 2012 evaluation quality assessment (EQA) review, the increase in country programme evaluation coverage did not result in an improvement in the quality of evaluations conducted by country offices. The EQA review covered 34 country programme evaluation reports, out of which 23 (68 per cent) were rated as "poor" eight as "unsatisfactory" (23 per cent) and three (9 per cent) were deemed of "good" quality. For more detailed information, see the 2012 report on *Quality Assessment of UNFPA Decentralized Country Programme Evaluations* available at www.unfpa.org/public/home/about/Evaluation.

Three-tier quality enhancement process

32. In order to address the requirement of improved coverage and quality of evaluations, the Evaluation Branch adopted a three-tier quality enhancement process. This consisted of: (a) developing the *Handbook on How to Design and Conduct UNFPA Country Programme Evaluations*; (b) conducting selected CPEs in close collaboration with the concerned country offices; and (c) designing and conducting training on CPE methodology to increase the capacity of UNFPA country office staff and national counterparts.

33. The handbook has been issued in 2012 and is posted on the UNFPA website. It aims to raise the quality of country-level evaluations and improve the use of evidence-based evaluation results and lessons learned in the preparation of country programmes. The CPE methodology draws on lessons learned from two pilot CPEs designed and conducted by the Evaluation Branch in Bolivia and Cameroon in 2011. The final reports for both evaluations are available on the above-mentioned website and the main conclusions and recommendations are available in the biennial report on evaluation (DP/FPA/2012/8).

34. The thematic evaluation of UNFPA support to maternal health, including the midterm review of the Maternal Health Thematic Fund, initiated by the Evaluation Branch in 2011 is still ongoing. The evaluation assesses the extent to which UNFPA overall assistance has been relevant, effective, efficient and sustainable in contributing to the improvement of maternal health in the last 10 years. The final report will be available in mid-2012.

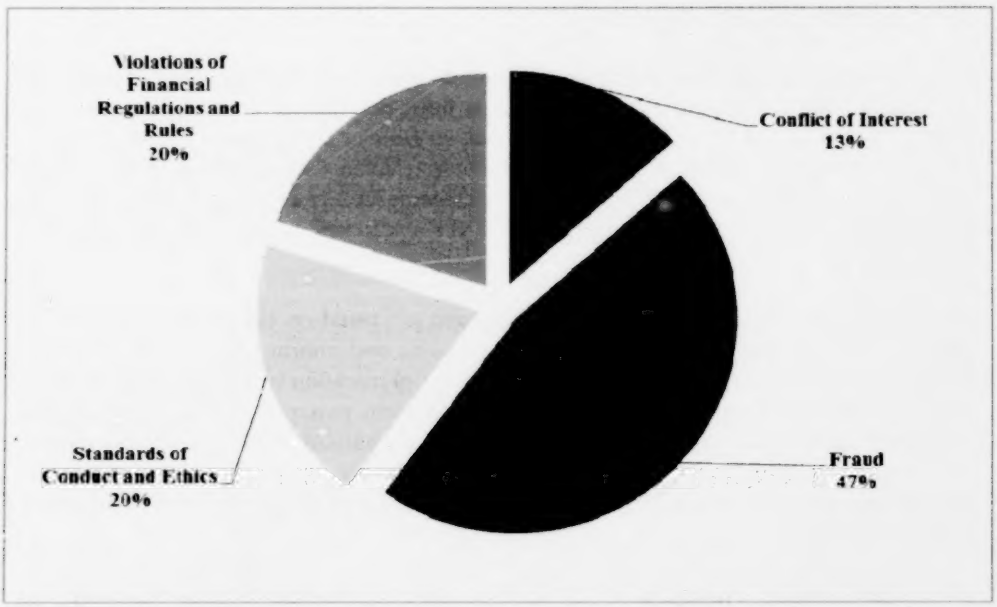
Other evaluation activities

35. The Evaluation Branch collaborated with United Nations organizations on the evaluation of joint United Nations programmes in gender equality and women's empowerment. The purpose of this evaluation is to provide credible information on the added value and efficiency of joint programme implementation in gender equality, and to generate knowledge, identify challenges, lessons learned and best practices in implementing joint programming. In addition, the Evaluation Branch actively supported inter-agency cooperation and the United Nations reform process by participating in four UNEG task forces on: human rights and gender equality; strengthening the evaluation function; norms and standards; and harmonization.

# V. Investigations

36. A total of 48 cases were managed by the Investigation Branch in 2011 (30 new incoming cases in 2011 and 18 cases carried forward from 2010). The five major categories of complaints received in 2011 are delineated in figure 6. The majority of the complaints received in 2011 (80 per cent) were formal complaints from either management or personnel (including whistle-blowers).

Figure 6
**Types of complaints, 2011**




37. Of the total caseload of 48 cases, DOS closed 28 cases: 11 cases were closed after a preliminary assessment, and 17 cases were reported to management and other agencies. As at February 2012, 19 cases relating to 2011 remain in progress (see table 3). DOS recommended actions on 11 cases reported to management. In one case, the Executive

Director has taken action to terminate personnel based on evidence of misconduct and in two cases, reprimands were issued. On eight cases, management action is awaited.

Table 3
**Closing of investigations in 2011**

| | Number | Percentage |
|---|---|---|
| Complaints closed after preliminary assessment | 11 | 39 |
| Formal report issued to the Office of the Executive Director | 11 | 39 |
| Reports to other UNFPA Divisions | 4 | 14 |
| Reports to sister agencies | 2 | 7 |
| **Total cases investigated** | **28** | **100** |

38. In 2011, strong efforts were undertaken in conducting misconduct prevention activities. The Investigation Branch conducted training sessions and distributed educational material to both headquarters and country office locations. This was accompanied by flyers reminding staff of the Fund's zero-tolerance approach towards malfeasance; and the possibility of reporting misconduct through the confidential investigation hotline.

39. The Investigation Branch supported the Enterprise Risk Management Senior Adviser in performing an agency-wide fraud risk assessment. This is a follow-up to a similar exercise that was first conducted in 2007. Management will use the findings to mitigate any identified fraud control weakness.

40. Due diligence guidance was provided to both the Division for Human Resources and the Procurement Services Branch. The aim is to improve policies and procedures related to the recruitment of staff and the engagement of suppliers.

41. Detection activities in 2011 were led by the implementation of the forensic continuous monitoring system. As at February 2012, the project was in the third phase. The fourth and final phase is expected to be completed by mid-2012. This will further enhance the Fund's ability not only to detect potential fraud but to prevent it as well.

## VI. Follow-up of 2007-2011 internal audit recommendations

42. In 2011, to address the pending audit recommendations as well as the concerns of the Executive Board and BOA, UNFPA management established an audit monitoring committee, chaired by the Executive Director, to review the status of audit recommendations and the actions taken by the business units to implement them. Together with a scaled-up review effort by DOS, this process enabled the closing of a significant number of audit recommendations. In total, 328 recommendations (121 pertaining to country offices and 207 to headquarters units) remained open as at 10 February 2012, a reduction of over 35 per cent in comparison to the previous year. Table 4 summarizes the status of implementation of internal audit recommendations.

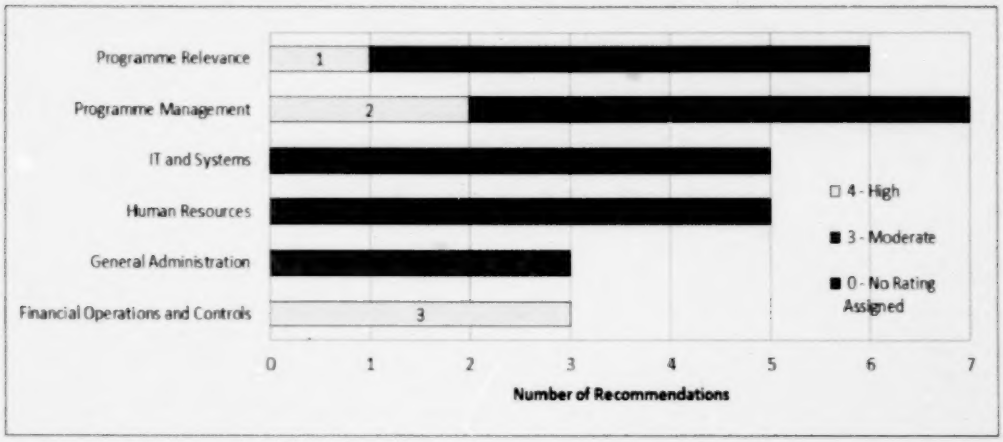
Table 4
**Implementation status by year of audit/oversight recommendations**

| Year | Number of reports issued | Recommendations issued | Outstanding recommendations | |
|---|---|---|---|---|
| | | | 2010 | 2011 |
| 2007 | 18 | 1,052 | 12 (1%) | 5 (1%) |
| 2008 | 20 | 882 | 42 (5%) | 9 (1%) |
| 2009 | 19 | 631 | 50 (8%) | - |
| 2010 | 18 | 463 | 401 (87%) | 90 (19%) |
| **Subtotal** | **75** | **3,028** | **505 (17%)** | **104 (3%)** |
| 2011 | 11 | 248 | - | 224 (90%) |
| **Grand total** | **86** | **3,276** | **505 (17%)** | **328 (10%)** |

43. Approximately 20 per cent of the outstanding recommendations correspond to ICT issues, including those noted as a result of the control risk assessment performed in 2010. Management efforts to address these recommendations, which began in 2011 and will continue throughout 2012, include the development of an ICT internal control and governance framework, and the implementation of the Information Technology Infrastructure Library which is a set of best practices for information technology service management. Significant management attention needs to be devoted to this area. Other areas requiring management attention pertain to programme management; financial operations and controls; and general administration controls.

44. Only 29 of the outstanding recommendations have remained unimplemented for over 18 months. This improvement is a result of management implementing stronger monitoring processes. As shown in figure 7, approximately one third of these recommendations relate to ICT matters, the implementation of some of which (e.g., Atlas security and controls) would require enhancements to the enterprise resource planning (ERP) system. Other recommendations also requiring management attention pertain to humanitarian response, programme relevance, programme and budget expenditure controls, and human resources succession planning and payroll controls.

Figure 7
**Recommendations unresolved for 18 months or more (total 29)**




## VII. Follow-up to recommendations issued in the report of the Director of the Division for Oversight Services on UNFPA internal audit and oversight activities in 2010

45. In its previous report (DP/FPA/2011/5), DOS identified key risks in UNFPA operations. This resulted in the issuance of 15 recommendations focused on organizational structure, organizational strategic focus, operations management, including ERM, IPSAS implementation, monitoring and evaluation, and staff performance and development.

46. In 2011, UNFPA management went through a number of strategic undertakings to address these 15 recommendations. They include the midterm review of the strategic plan, 2008-2013, and the development of an internal business plan with organizational priorities focused on programme results, accountability, staff capacity development, information technology and communication strategies.

47. Through a consultative process DOS has documented these efforts and they are reflected in annex 1. The verification process of the management actions will be conducted by DOS in 2012-2013.

## VIII. Recommendation

48. **The Executive Board may wish to:**

**(a)** ***Take note*** **of the present report DP/FPA/2012/9;**

**(b)** ***Express*** **its continuing support for strengthening the oversight function at UNFPA;**

**(c) *Take note* of the annual report of the Audit Advisory Committee and the management response thereto contained in DP/FPA/2012/9 (Add.1).**

## ANNEX 1
## STATUS OF IMPLEMENTATION OF 15 RECOMMENDATIONS ISSUED IN 2011 BY THE DIVISION FOR OVERSIGHT SERVICES*
(as of January 2012)

| Recommendation | Status as reported by management |
|---|---|
| Recommendation 1, regarding development of a vision statement, supported by a strategic communication approach | •The business plan's first goal is to focus the country programmes on the refined strategic direction and the revised development results framework. A country programme review process was established to enhance quality assurance for adherence to the strategic priorities.<br><br>•A communication strategy was developed, with an aim to define clear and consistent internal and external messaging driven by the refined strategic focus, and to address the required changes to the communication structure and culture within the organization. A web page was developed to communicate various elements of the business plan including the vision statement and the strategic priorities to all staff. Additionally, the new vision and focus were communicated to all UNFPA representatives at the meeting held in December 2011. |
| Recommendation 2, regarding human resources management, including vacancy rates, staff competencies and succession planning | •The Division for Human Resources (DHR) uses a recruiter console that enables tracking of the vacancy process and reports on vacancy timelines for headquarters-managed vacancies as well as rosters and recruitment missions.<br><br>•DHR plans for upcoming vacancies due to natural attrition, e.g., retirement. At least six months before an anticipated vacancy, DHR liaises closely with organizational unit managers to advertise the vacancy subject to the agreement of the line manager. To expedite recruitment, hiring managers are given a 14-day deadline to revert to DHR on a short list of candidates. A dashboard for managers to track the vacancy status of their posts (international professional posts only) will be developed in 2012. |

* Reference is made to 15 recommendations issued in the Report of the Director of the Division for Oversight Services on UNFPA internal audit and oversight activities in 2010 (DP/FPA/2011/5) submitted to the Executive Board at the annual session 2011.

| Recommendation | Status as reported by management |
|---|---|
| | •DHR follows up regularly with country offices to determine needs for programme-funded vacancies.<br><br>•Regarding operations, a comprehensive workshop was conducted for 79 international operations managers, which covered finance, budgets, internal control framework, asset management, leave management, national execution (NEX), human resources matters, and International Public Sector Accounting Standards (IPSAS). In addition, e-learning courses on the internal control framework (ICF) and asset management will be launched in early 2012.<br><br>•Regarding programming and monitoring and evaluation, the Learning and Career Management Branch (LCMB) of DHR, together with the Programme Division worked on the finalization of nine modules of the results-based management learning programme. Module 1 was released in mid-2010, and the other eight modules will be finalized in 2012.<br><br>•LCMB partnered with the Programme Division to send 12 UNFPA staff to complete the International Programme on Development Evaluation Training by the World Bank/Carleton University.<br><br>•A revised succession planning and management framework will be presented to senior management in 2012. Developing young talent is part of the "LEAD UNFPA" management and leadership programme to be launched in the first half of 2012. The prioritization of the different target groups will depend on priorities set in the new business plan. |
| Recommendation 3, regarding development of an evidence-based methodology to be applied for investment decisions and programming, including relevant training for staff | •An evidence-based programming guide was developed and capacity-building efforts are under way. The next step is to deliver the long overdue theory of change to complete the system. This has been under discussion since 2008 during the development of the UNFPA evaluation policy. |

| Recommendation | Status as reported by management |
|---|---|
| Recommendation 4, regarding better focused programme priorities and optimized number of deliverables and implementing partners | •Significant efforts were undertaken by the regional offices to address this recommendation:<br>• Direct programming and technical assistance provided to country offices for using optimal number of outputs and focusing of programme objectives.<br>• A programme review committee established with responsibilities to coach country offices in development, review, quality assurance, oversight and clearance of the programme documents.<br>• Staff in the country offices trained and guided in enhancing the focus of the country programmes presented to the Executive Board in 2011, and in reducing the number of outputs. This resulted in the streamlining of country programme action plans and annual workplans as well as the number of implementing partners to fit the required programmes' implementation capacity. |
| Recommendation 5, regarding review of the system for allocation of UNFPA resources to country programmes | •Management has taken steps to ensure country programme documents (CPDs) are fully aligned with the revised strategic plan. The CPD quality assurance and other measures to enhance programming adopted as part of the follow-up action to the midterm review of the strategic plan address the concern raised by the Division for Oversight Services (DOS). The resource allocation system will be reviewed as part of the next strategic plan and any required adjustments will be made to address beneficiaries' needs. |
| Recommendation 6, regarding an assessment of the new organizational structure and its use for designing of the next strategic plan | •Management accepted this recommendation and will prepare a report for the Executive Board and use the assessment results for the development of the next strategic plan. |
| Recommendation 7, regarding streamlining the results framework during the midterm review of the strategic plan, 2008-2013 | •This has been addressed through the recent midterm review of the strategic plan, 2008-2013. |

| Recommendation | Status as reported by management |
|---|---|
| Recommendation 8, regarding streamlining job descriptions, identifying skills and expertise needed for key positions, defining clear responsibility lines, transparent assessment of staff performance and development of training packages to improve the overall accountability culture | •A revised competency framework to be introduced in 2012 will update the skills and expertise required for key positions. The job descriptions will be updated accordingly.<br><br>•The performance appraisal and development system continues to serve as a means to promote accountability of performance. Addressing performance is now part of the UNFPA orientation programme, and will be a pillar of the "LEAD UNFPA" management and leadership programme.<br><br>•DHR/LCMB created an induction/orientation programme that includes a portal providing critical information for all new staff members and is available through the Intranet MyUNFPA; the "Welcome to UNFPA induction/orientation programme", which is part of the mandatory learning for new staff through the e-Learning Management System, was re-launched; the orientation programme at headquarters to include new professional staff was expanded. Three sessions of the orientation programme are planned for 2012 - one specifically for new Representatives and Subregional Office Directors, and their Deputies. |
| Recommendation 9, regarding strengthening of the monitoring and evaluation function and development of country programme evaluation methodology | •A number of actions were undertaken by the regional offices to create a culture of results-based programming, monitoring, evaluation and reporting. These include: providing integrated assistance and advice to country offices, quality assurance and capacity-development initiatives implemented at regional, subregional and field levels.<br><br>•However, strengthening the monitoring and evaluation (M&E) function within country offices remains a challenge, partly due to absence of M&E dedicated staff in the country offices. At present, the situation in country offices of the Latin America and the Caribbean (LAC) region is the following: only four out of the 21 LAC country offices have M&E dedicated staff (Colombia, Haiti, Jamaica subregional office and Venezuela). Seventeen country offices have focal points, but six of them are Assistant Representatives, Deputy Representatives or Liaison Officers who are required to perform several other functions, and 11 are Programme Officers for population and development, gender, |

| Recommendation | Status as reported by management |
|---|---|
| | HIV, and other areas. In the Arab States region, only three country offices (out of 14) have M&E dedicated staff. The situation has worsened due to the loss of the M&E adviser in the middle of 2011. Two regions, Africa, and Asia and the Pacific are reportedly in better positions in terms of dedicated M&E human resources. The Asia and the Pacific Regional Office moved towards recruiting M&E officers instead of having M&E focal points so that the function is not seen as an add-on. In the Africa region, there are a total of 50 country-level M&E officers, of which 40 are core M&E staff and 10 are focal points. All country offices in the Africa region including the new South Sudan country office have functional M&E officers and focal points.<br><br>•Finding good evaluation consultants has proved to be difficult. UNFPA needs to consider providing orientation to those evaluation consultants on its roster to better prepare them regarding the standards and expectations. Resource constraints remain a major challenge. |
| Recommendation 10, regarding a more strategic approach to the management of risks, internal controls and policies | •The Policies and Procedures Manual (PPM) was revised in order to address the most recurrent and important risks related to programme design, approval, and management and monitoring/reporting as well as investment for evaluation (coverage, quality and utilization challenges). These steps will eventually form part of the ICF for programme activities. In order to improve adherence to ICF, the Division for Management Services (DMS) reviews country office transactions for compliance with existing procedures. Internal audit is being informed of individual and systemic compliance issues. DMS collaborates with DOS in the SAS real-time fraud monitoring system. No agreement exists within UNFPA for the formal development of an enterprise risk management (ERM) framework in line with International Organization of Supreme Audit Institutions or any other international standard (e.g., ISO31000). |

| Recommendation | Status as reported by management |
|---|---|
| Recommendation 11, regarding ensuring that risk management is a systematic approach embedded in UNFPA culture and used for decision-making, the design of control activities including the enterprise resource planning (ERP) system | •The focus of ERM activities was on better understanding the current risks that UNFPA faces rather than on the undertaking of a comprehensive risk exercise across all operations. This resulted in the following activities: (a) NEX risk review in the Africa region to identify the key issues regarding national execution; (b) strategic risk review at the UNFPA corporate level to identify key issues regarding all operations; (c) Africa region risk assessment to review and identify the key issues at the regional, subregional and country levels within UNFPA operations in Africa; and (d) global country office fraud risk assessment to understand the key fraud-related issues facing country offices.<br><br>•All these activities are currently being consolidated to build a single comprehensive picture of risk across UNFPA operations and be the starting point for determining risk mitigation/management actions. Additional non-ERM, but risk-related work was undertaken to finalize the UNFPA headquarters' business continuity plan as well as monitoring of implementation of outstanding internal audit recommendations.<br><br>•ERP user profiles were defined to comply with the established ICF. A periodic review of ERP user-access rights was implemented to ensure managers are aware and are in agreement with segregation of duties in their respective organizational units. |
| Recommendation 12, regarding development of the ICF following international guidance and standards, including training provided to all UNFPA staff on use and monitoring of internal controls | •Management continues to enhance the ICF, which was further strengthened for the information technology area in 2011. A computerized ICF training course was completed and is expected to be launched in 2012. The programming ICF project will be revisited in 2012. |

| Recommendation | Status as reported by management |
|---|---|
| Recommendation 13, regarding information and communications technology (ICT) architecture, including the strategy, organization, management and staffing of the Management Information Services (MIS) Branch | •With the move to new premises and new data centres in October 2010, MIS Branch redesigned, restructured, and strengthened UNFPA network architecture to efficiently support the organization. A new Voice over Internet Protocol (VoIP) phone system, new audio and video conferencing facilities were installed in all headquarters premises, proximity printing using card authentication, and wireless capability on all floors. MIS Branch continues to provide managed network security, Internet connectivity, video conferencing, and VoIP services to regional and subregional offices. The number of MIS Branch posts increased by six in 2010, two temporary appointments in 2011, and two more posts will be added in 2012. In addition to establishing the ICT Board for governance and the ICT control framework, the ICT risk assessment was undertaken. The ICT strategy, approved by the UNFPA Operations Committee in November 2011, is currently under implementation. |
| Recommendation 14, regarding the root causes of deficiencies of programme implementation and execution modalities and follow-up on the recommendations of the external auditors | • PPM was revised<br>• Quality assurance system put in place<br>• Tools and systems were developed to address the most recurrent challenges<br>• Actions contemplated in the business plan will address the residual challenges<br>• Taking into account the outcome of the NEX audit process, a revised letter of understanding was introduced for use with all implementing partners starting with the 2012 programme cycle.<br>• Guidance notes were issued to clarify recovery of support costs from the implementing partners as well as the entire area of programme coordination and assistance.<br><br>These actions coupled with a comprehensive NEX audit guide issued recently will improve programme implementation and execution modalities. |

| Recommendation | Status as reported by management |
|---|---|
| Recommendation 15, regarding minimizing the risk of effective and timely IPSAS implementation, including review of the project implementation plan, assigning sufficient resources and enhancing IPSAS governance and oversight | •The implications of IPSAS adoption, especially at the country office level, were assessed through an ongoing series of webinars, face-to-face training, newsletters and "Quick Reference" sheets. The IPSAS project team regularly reviewed the IPSAS workplan; provided project progress reports with defined milestones and deliverables, project issues lists, and risk mitigation log. Specific business owners were identified as part of the IPSAS workplan. UNFPA enhanced the IPSAS governance structure during 2011 by having the IPSAS Project Board chaired by the Executive Director and reaffirming the membership of the Board at the director level and above. The United Nations Board of Auditors in their 2011 report reaffirmed UNFPA readiness to adopt IPSAS, effective January 2012. All necessary accounting policy documents were finalized and submitted for review by the Audit Advisory Committee. At the first regular session 2012, the Executive Board approved the revision to the UNFPA financial regulations and took note of the changes to the financial rules. |

## ANNEX 2
## RECURRENT AUDIT ISSUES

| Audit area/cause | Prevalence | Most significant recurrent oversight issues | Recommendations to address the issues |
|---|---|---|---|
| **External risk** | | | |
| 1. General administration: inadequate security, safety and protection of staff and premises | Recurrent | Lack of compliance with security standards exposing UNFPA to liability in the event of security incidents | Perform more frequent monitoring of non-compliant operations |
| **Relationship risk** | | | |
| 2. Financial operations and controls: lack of accountability in operational activities for development (national execution, NEX) | Recurrent | Insufficient assessment of implementing partner capacities<br><br>Utilization of implementation modalities not aligned to operational challenges and implementing partner capacities | Perform a more rigorous assessment of implementing partner capacities as a basis to determine the most appropriate implementation modalities and to determine the scope and frequency of monitoring |
| | Recurrent | Delays in funding to implementing partners and project initiation | Ensure an earlier completion, approval and signing of key documents such as letters of understanding and annual workplans<br><br>Enhance controls as regards submission, review, approval and timely payment of funding requests |
| | Recurrent | Insufficient monitoring of project implementation by implementing partners | Increase the scope and frequency of monitoring for projects implemented by partners with weak capacities |
| | Remediated in 2011 | Poor planning, coordination and monitoring of NEX audits | N/A |

| Audit area/cause | Prevalence | Most significant recurrent oversight issues | Recommendations to address the issues |
|---|---|---|---|
| 3. Programme management: weak programme planning, implementation and monitoring | Recurrent | Late planning and initiation of project implementation activities<br><br>Unclear or outdated annual workplans<br><br>Discrepancies and lack of support and revision of annual workplans and project budgets | Enhance the planning process to ensure a more accurate and timely completion of annual workplans -- implement an automated application to support preparation and maintenance of annual workplans and budgets |
| | Recurrent | Insufficient monitoring of programme implementation and outcomes due to lack of staff, processes and tools | Increase the scope and frequency of project monitoring and ensure that appropriate tools and resources are deployed to support it |
| | New | Use of programme coordination and assistance (PCA) projects and funds for programme and institutional budget costs | Provide training regarding the proper use of PCA projects and funds, and the costs considered eligible for charging against them<br><br>Increase the scope and frequency of monitoring of significant charges to PCA projects |
| **Process risk** | | | |
| 4. Financial operations and controls: weak budgeting, accounting and financial reporting | Recurrent | Lack of reconciliation of project expenditures to budgets | Provide training and tools and increase the level of supervision to ensure that actual expenditures are regularly reviewed by programme officers and reconciled to project and activity budgets |
| | Recurrent | Recording of procurement and other financial transactions in the wrong ledger, project, activity or fund codes | Enhance the chart of accounts and provide training on its proper use<br><br>Enhance supervisory controls to ensure the accurate and timely recording of financial transactions, including their review by project and operations managers |

| Audit area/cause | Prevalence | Most significant recurrent oversight issues | Recommendations to address the issues |
|---|---|---|---|
| | Recurrent (controls to address the issue have been designed but have not yet been fully implemented) | Lack of reconciliation of NEX expenditures recorded and operating fund account (OFA) balances to the corresponding Funding Authorization and Certificate of Expenditures (FACE) forms | Implement appropriate supervisory controls to enforce the controls designed by the NEX unit over the review, processing and recording and reconciliation of certificates of expenditures submitted by implementing partners, including the use of the recently released FACE checklist<br><br>Implement appropriate supervisory controls to enforce the controls designed by the Finance Branch over the reconciliation and cleansing of OFA balances<br><br>Maintain management focus on the process implemented as from 2011 to monitor the balance, trend and ageing of the operating fund account and of adjustments thereto |
| 5. General administration: weak purchasing and disbursement procedures and practices | Recurrent | Deviations from procurement policies and procedures as regards bidding and purchase approval | Strengthen country office management and Procurement Services Branch monitoring and supervisory controls to ensure that procurement transactions are in compliance with procurement policies and procedures<br><br>Enhance the purchase order and accounts payable voucher approval workflows and roles within Atlas or, should it not be possible to change the Atlas configurations, through the implementation of business process management or similar tool to automatically enforce approval levels and submissions to the Contracts Review Committee |

| Audit area/cause | Prevalence | Most significant recurrent oversight issues | Recommendations to address the issues |
|---|---|---|---|
| | | | |
| | New | Inadequate planning and needs assessment for procurement activities | Strengthen capabilities and processes related to procurement planning and needs assessment |
| | New | Funding to implementing partners for programme activities provided outside of the OFA process through the issue of purchase orders or accounts payable vouchers | Clarify the guidance regarding instances where funding to implementing partners can be provided outside the OFA process<br><br>Implement appropriate supervisory controls by country office management and the Finance Branch to ensure that funding to implementing partners is provided through the OFA process and subject to the controls defined for this process<br><br>Ensure that NEX audits are performed in 2012 for any implementing partners that received funding outside of the OFA process in 2010 and 2011 |
| 6. General administration: weak asset management procedures and practices | Recurrent | Incomplete fixed asset records<br><br>Assets transferred to implementing partners not timely removed from fixed asset records | Enhance controls over fixed asset capitalization and transfers to implementing partners<br><br>Enhance the effectiveness of the annual fixed asset inventories |
| | New | Lack of tracking process to effectively monitor reproductive health commodities shipments, stocks and distribution | Strengthen monitoring and tracking of reproductive health commodity shipments and inventory controls |

| Audit area/cause | Prevalence | Most significant recurrent oversight issues | Recommendations to address the issues |
|---|---|---|---|
| 7. Financial operations and controls: inappropriate handling of cash | Recurrent | Lack of tracking of cash advances to staff and implementing partners | Minimize the use of cash advances to the greatest possible degree allowed by operational conditions<br><br>Enhance the process and accounting controls for tracking cash advances paid, including the payroll deduction of any amounts not timely liquidated |

United Nations DP/FPA/2012/10

# Executive Board of the United Nations Development Programme, the United Nations Population Fund and the United Nations Office for Project Services

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Item 13 of the provisional agenda
**UNFPA — Reports of UNDP, UNFPA and UNOPS Ethics Offices**

## United Nations Population Fund

### Report of the Ethics Office 2011

*Summary*

This report is submitted to the Executive Board pursuant to decision 2010/17: Reports of the Ethics Offices of UNDP, UNFPA and UNOPS, paragraph 9. In accordance with the Secretary-General's bulletin on United Nations system-wide application of ethics: separately administered organs and programmes (ST/SGB/2007/11), the report has been reviewed by the United Nations Ethics Committee at its 35th session on 6 February 2012 and was subsequently provided to the UNFPA Executive Director.

The present report relates to the activities undertaken by the UNFPA Ethics Office during the period 1 January to 31 December 2011. It describes the progression of the ethics function during this period with specific reference to the integration of ethics concepts in organization-wide discourses and initiatives to strengthen accountability and in policies and processes to promote a culture of integrity and compliance in UNFPA.

*Elements of a decision*

The Executive Board may wish to take note of the present report and comment on the progress of the work of the UNFPA Ethics Office.

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# Contents


| | | Page |
|---|---|---|
| I. | Introduction | 3 |
| II. | Background and general information | 3 |
| III. | Activities of the Ethics Office | 6 |
| | A. Financial disclosure programme | 6 |
| | B. Training, education and outreach | 9 |
| | C. Protection against retaliation for reporting misconduct and for cooperating with duly authorized fact-finding activities | 12 |
| | D. Advice and guidance | 12 |
| | E. Standard-setting and policy support | 15 |
| IV. | United Nations Ethics Committee and Ethics Network | 16 |
| V. | Conclusion | 17 |

Figures

| | | |
|---|---|---|
| 1. | Requests for services by category | 5 |
| 2. | Financial disclosure participation by location and calendar year, 2006-2010 | 6 |
| 3. | Staff required to file financial disclosure statements for the 2010 calendar year by grade | 7 |
| 4. | Total staff required to file financial disclosure statements for the 2010 calendar year by location | 8 |
| 5. | Field staff members required to file financial disclosure statements for the 2010 calendar year by location | 8 |
| 6. | Requests for ethics advice by issue in 2011 | 13 |
| 7. | Requests for ethics advice: Comparison of 2008, 2009, 2010 and 2011 data | 13 |
| 8. | Requests for ethics advice: Breakdown by location | 15 |
| 9. | Requests for ethics advice: Breakdown by gender | 15 |

# I. Introduction

1. This report, the fourth since the establishment of the UNFPA Ethics Office in January 2008, has been prepared pursuant to section 5 4 of the Secretary-General's bulletin titled United Nations system-wide application of ethics: separately administered organs and programmes(ST/SGB/2007/11) which requires the ethics offices in the United Nations Secretariat and the separately administered organs and programmes to prepare annual reports for review by the United Nations Ethics Committee (UNEC). The present report is submitted to the Executive Board at its annual session 2012, pursuant to paragraph 9 of Executive Board decision 2010/17: Reports of the Ethics Offices of UNDP, UNFPA and UNOPS.

2. The objective of the Secretary-General's bulletin (ST/SGB/2007/11) is to ensure the consistent application of the highest standards of ethics and integrity within the United Nations thereby enhancing the trust in, and the credibility of, the United Nations, both internally and externally. The UNFPA Ethics Office supports the Executive Director in ensuring that staff conduct is in accordance with the core values and principles of the United Nations and the standards of conduct of the international civil service.

3. The continued commitment of UNFPA to ethics and the ethics function is reflected in paragraph 65 of the report on the midterm review (MTR) of the strategic plan, 2008-2013 (DP/FPA/2011/11), which explicitly states that "staff must uphold the highest standards of professional integrity, continuing the progress that has been made in strengthening the organization's ethical standards". The activities of the UNFPA Ethics Office are intended to contribute to the achievement of output 3 — "Appropriately staffed UNFPA with high-performing professionals fulfilling its mission" — of the management results framework (MRF) of the revised strategic plan, 2008-2013 (see DP/FPA/2011/11).

4. The present report provides an assessment of the activities undertaken by the UNFPA Ethics Office during the period 1 January to 31 December 2011. It describes the progression of the ethics function during the reporting period with a focus on the specific actions taken by the Ethics Office in the context of output 3 of the MRF to support the Executive Director's priority area of focus for 2011 — strengthening organizational accountability.

# II. Background and general information

5. The UNFPA Ethics Office aims at promoting an organizational culture that is committed to ethics and in which all staff members observe the highest standards of integrity and professionalism as they strive for excellence in all aspects of their work. The specific functions assigned to the Ethics Office are as follows:

- Administering the UNFPA financial disclosure programme.
- Developing standards, training and education on ethics issues, in coordination with other offices as appropriate, and conducting ethics outreach.
- Undertaking the responsibilities assigned to it under the UNFPA policy for the protection of staff against retaliation for reporting misconduct and for cooperating with duly authorized audits or investigations.

- Providing confidential advice and guidance to staff at their request on ethics-related issues (e.g., conflicts of interest).
- Providing guidance to management on ethics standard-setting to ensure that the rules, policies, procedures and practices of the organization reinforce and promote the highest standards of ethics and integrity required by the Charter of the United Nations, other applicable staff rules and regulations, and the standards of conduct for the international civil service.

6. As an organization, UNFPA is accountable to many different stakeholders — from governments, donors, implementing partners and vendors to its own staff. Its accountability to these stakeholders includes both the delivery of organizational results and the sound stewardship of the financial and human resources entrusted to the organization. The accountability of UNFPA is dependent on the accountability of its staff and management. Staff should be motivated to act ethically at all times, and feel empowered to report unethical behaviour without fear of reprisal. Managers and supervisors by their actions should demonstrate zero tolerance of unethical behaviour and organizational policies and processes should support and encourage ethical decision-making. In 2011, the activities of the UNFPA Ethics Office focused on promoting staff and management commitment to these dimensions of accountability as integral to strengthening organizational accountability.

7. Specifically, during 2011, the training, education and outreach activities of the UNFPA Ethics Office focused on increasing awareness of the correlation between the individual integrity of staff and managers and their adherence to the highest ethical standards on the one hand, and the organization's accountability for the proper management of its resources on the other. Training and learning programmes aimed at equipping staff with the knowledge and skills to promote ethical decision-making and to recognize and avoid situations that could compromise their status as international civil servants. As key elements of organizational accountability, communication materials encouraged staff to speak up against unethical behaviour without fear of retaliation and reinforced management's obligation to take prompt action to address unethical behaviour.

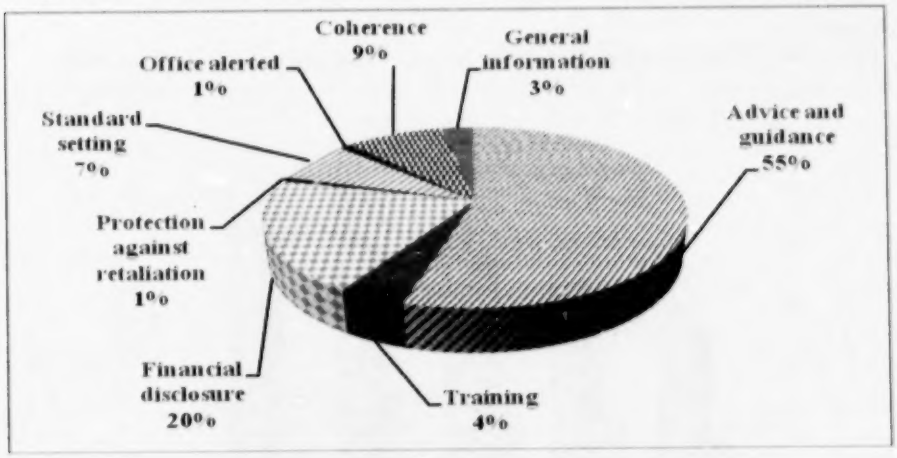
8. Communications on the annual 2011 financial disclosure cycle drew attention to the organization's commitment to strengthening accountability and, in this context, emphasized and reinforced the importance of compliance — with regard to providing the required information and meeting the submission deadline — for the purposes of managing organizational risk and promoting good governance. All staff members who were required to participate in the 2011 filing cycle in accordance with UNFPA financial disclosure guidelines did so and 100 per cent compliance was recorded.

9. The UNFPA Ethics Office continued to provide a secure environment for staff to seek advice and guidance in confidence. The total number of requests for advice and guidance in 2011 (149 inquiries) remained at approximately the same level as in 2010 (144 inquiries). The types of requests for advice and guidance ranged from the permissibility of outside activities and the acceptance of gifts, awards and hospitality, to workplace fairness and respectful workplace conduct. In section III, figures 6 and 7 provide a breakdown of the types of inquiries by issue for 2011 and a comparison of data covering the years 2008-2011, respectively.

10. In consonance with Executive Board decision 2011/24: Reports of the ethics offices of UNDP, UNFPA and UNOPS, wherein the Executive Board "looks forward to the consideration of future annual reports of the ethics offices of the three organizations, pursuant to decision 2010/17, particularly recommendations to management that will strengthen the organizational culture of integrity and compliance" and in response to the recommendation made by the UNFPA Ethics Office, the Fund's senior management expanded the membership of the UNFPA Operations Committee, which is chaired by the two UNFPA Deputy Executive Directors, to include the Ethics Office. The Ethics Office is of the view that doing so has been a critical step in the institutionalization of the ethics function within the organization. The Ethics Office is now able to review all new UNFPA policies, guidelines, rules and regulations and any revisions to existing policies, guidelines, rules and regulations and, where required, provide inputs to ensure conformity with ethical standards, prior to the submission of these documents to the UNFPA Executive Committee for approval. The Ethics Office is also now able to bring to the attention of and formally submit to the Operations Committee proposals to strengthen organizational integrity and compliance.

11. As a result of the training and awareness creation activities of the UNFPA Ethics Office, the progress made in institutionalizing ethics in the organization, and the increase in the visibility and perception of the Ethics Office as an independent and impartial resource for ethics guidance, the Ethics Office has seen an expansion in the number of requests for its services. In 2011, the Ethics Office received a total of 273 requests for its services. As reflected in figure 1, in addition to the services provided in the context of its advisory and guidance function, the services of the Ethics Office were also sought, inter alia, in relation to compliance with the financial disclosure programme, standard-setting and coherence.

Figure 1
**Requests for services by category**



# III. Activities of the Ethics Office

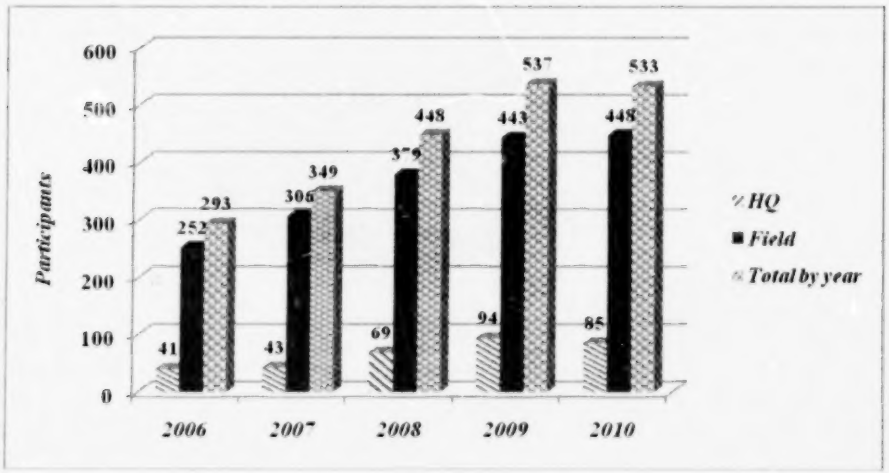
## A. Financial disclosure programme

12. One of the key functions of the UNFPA Ethics Office is to administer the financial disclosure programme. The programme is one of the tools for managing organizational risk and is aimed at preserving and protecting the integrity of the organization and the staff members who are required to submit disclosure statements. Since its establishment, the Ethics Office has completed five financial disclosure exercises. Figure 2 illustrates financial disclosure participation by location and calendar year.

13. A total of 533 staff members were identified as being required to file financial disclosure statements in the 2011 filing cycle in respect of the 2010 calendar year. All staff members who were required to participate in the 2011 annual filing cycle complied with their filing obligations. Over 75 per cent met the filing deadline of 31 March 2011 and the rest submitted their statements within two weeks after the submission deadline. In addition, there were 17 new staff members who were identified by the UNFPA Ethics Office as being required to submit initial disclosure statements and who filed outside of the annual filing cycle.

14. The UNFPA Ethics Office is of the view that increased awareness of the purpose of the financial disclosure policy, collaboration with the Division for Human Resources (DHR) and the heads of offices in the identification of staff who are required to file in accordance with the categories specified in the financial disclosure policy, and communication from the Executive Director underscoring the importance of compliance and adherence to the submission deadline in the context of organizational accountability, had a strong impact on the timely submission of financial disclosure statements in the 2011 filing cycle and resulted in 100 per cent compliance.

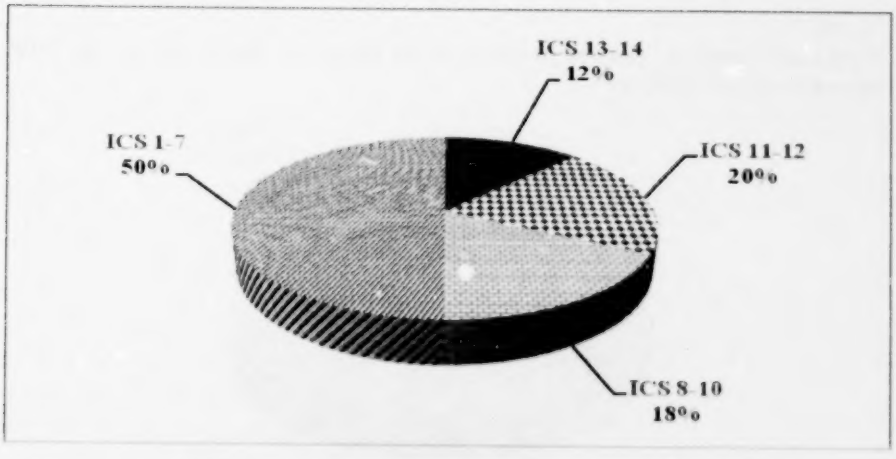
Figure 2
**Financial disclosure participation by location and calendar year, 2006-2010**



15. The UNFPA financial disclosure policy requires all staff members at the D1/P6 level and above and other designated staff members to file disclosure statements. Staff members included in the financial disclosure programme are those whose functions include decision-making authority for procurement; or whose principal occupational duties relate to the procurement of goods and services, or to the investment of assets or the management of any accounts for which UNFPA has fiduciary or custodial responsibility; or who have direct access to confidential procurement or investment information. Such classification fosters the adoption and application of uniform selection criteria by heads of offices in the identification of staff members from their respective offices who are required to submit financial disclosure statements in each filing cycle. Figure 3 presents the breakdown by International Civil Service (ICS) grade of the 533 staff members who participated in the 2011 filing cycle as follows: ICS 1-7 = 266 staff members; ICS 8-10 = 96 staff members; ICS 11-12 = 105 staff members; and ICS 13-14 = 66 staff members.

Figure 3

**Staff required to file financial disclosure statements for the 2010 calendar year by grade**




16. As reflected in figure 4, the majority of staff members who submitted disclosure statements in the 2011 filing cycle were field-based. The total number of 448 field staff members, includes regional and subregional Directors and Deputy Directors; UNFPA Representatives, Deputy Representatives, as well as Assistant Representatives serving in duty stations covered by non-resident UNFPA Country Directors; and Operations Managers/Specialists and Finance/Administrative Assistants serving in regional/subregional/country offices. Figure 5 presents the breakdown by category of field staff members who are required to file by location.

Figure 4
**Total staff required to file financial disclosure statements for the 2010 calendar year by location**

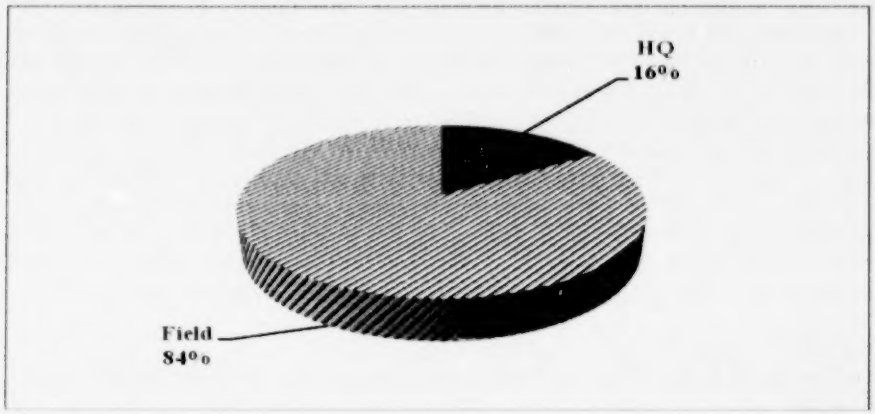
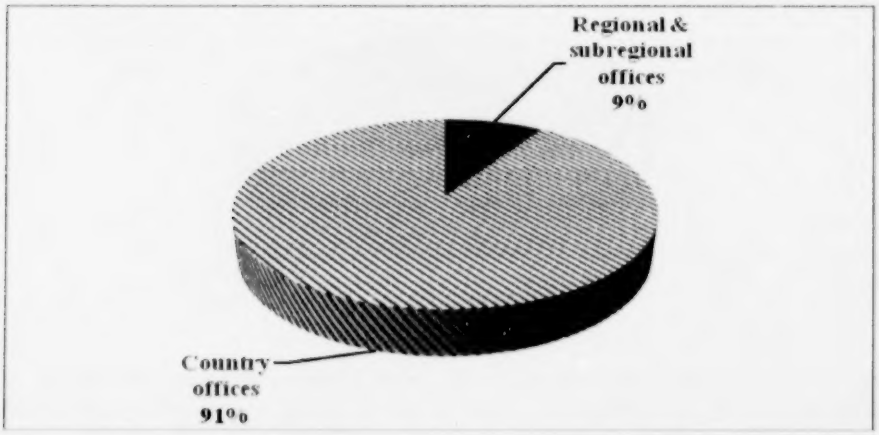



Figure 5
**Field staff members required to file financial disclosure statements for the 2010 calendar year by location**




17. The financial disclosure form is available through a secure UNFPA Intranet reporting facility and all statements are filed electronically. The online form also provides links to a set of frequently asked questions (FAQs), other information materials related to the financial disclosure programme, and a staff member's previously filed disclosure statements. For the 2011 exercise, extracts from the FAQs related to the types of items (i.e., assets, liabilities and outside affiliations) that were required to be reported were incorporated into the relevant screens of the online financial disclosure form. This feature was intended to serve as a reminder to staff members, at the time of actual completion of each screen, to provide complete and full information on the items required to be reported. The UNFPA Ethics Office is of the view that the addition of this new feature served to minimize the need for repeated follow-up with concerned staff members to secure complete information to

satisfy the requirements of financial disclosure. In respect of the 2011 filing cycle, the Ethics Office followed up with 38 staff members (as opposed to 91 in 2010) for additional information.

18. All financial disclosure statements were reviewed for completeness of information and for the identification of organizational risk, financial or otherwise (i.e., family relationship), which could give rise to an actual, perceived or potential conflict of interest situation. The resolutions offered to a staff member in these instances could include making a formal request and securing authorization for participation in an outside activity, resignation from a particular outside activity, divestment of holdings and/or the staff member recusing himself/herself from specified official responsibilities. The review process, in respect of the 2011 filing cycle, identified one staff member whose outside activity had the potential of creating a conflict of interest. The staff member concerned was advised on the actions to be taken in order to remedy the potential conflict.

19. The financial disclosure programme is one of the tools for identifying organizational risks in relation to conflict of interest situations arising from the personal financial investments and/or outside activities of staff members and their spouses and dependent children who are covered under the policy. As such, the financial disclosure form should be designed to elicit information on a range of actual and potential conflict of interest situations that a staff member who is required to file could be faced with. The majority of the ethics offices represented in UNEC, including UNFPA, have been using almost the identical financial disclosure form since the start of their respective financial disclosure programmes. UNEC has begun the process of evaluating the scope of the current financial disclosure forms to ascertain whether they are comprehensive and allow for securing full information on conflicts of interest. Based on the outcome of this review, the UNFPA Ethics Office will, as appropriate, revise the financial disclosure form that is presently being used at UNFPA. The Ethics Office considers this review process as critical for ensuring that the UNFPA financial disclosure programme is a robust tool to manage organizational risk.

## B. Training, education and outreach

20. Throughout 2011, the UNFPA Ethics Office maintained the momentum of its training, education and outreach activities. These activities aimed at reinforcing staff and management compliance with the highest ethical standards and individual and collective responsibility for ethical decision-making as being critical to the achievement of organizational accountability. The Ethics Office relied on a range of communication modalities to keep ethics on the 2011 organizational agenda, including face-to-face ethics training and briefing sessions; mandatory online training on ethics; publication of the booklet "Walking the Talk: Ethics in Action at UNFPA"; and use of the Ethics Office website.

21. A total of approximately 425 staff members attended either face-to-face training or a briefing session on ethics in 2011. These sessions were conducted in the context of training programmes organized by the UNFPA Learning and Career Management Branch (LCMB), staff retreats and regional/subregional meetings. These events facilitated open dialogue and discussions on ethics and were opportunities for the participants to have one-on-one interactions with the Ethics

Adviser. They also served as platforms to encourage staff to report misconduct and to raise awareness about the provisions of the protection against retaliation policy. Ethics concepts and ethical practices in the procurement process were included in webinars and in workshops for staff with procurement functions at the country/regional/headquarters levels (including one specifically for the UNFPA Contracts Review Committee) and were conducted by the Procurement Services Branch (PSB).

22. The introductory training course on ethics, which was expanded to include an additional module on conflicts of interest and organizational risk, was a part of two induction workshops on ethics for Junior Professional Officers and National Programme Officers conducted by LCMB and the workshop titled "Management, Ethics and Accountability" organized by the Eastern Europe and Central Asia Regional Office (EECARO). This additional module reinforces the obligation of staff to act with integrity at all times and to be alert to and avoid situations where their actions could compromise the impartiality and independence of official decision-making. Using examples, the module draws attention to a range of actual, apparent and potential conflict of interest situations that staff members could be faced with either as a result of their own actions (or inaction) or the actions of others; the organizational risks associated with these situations; and the importance of disclosing and resolving such conflicts of interest.

23. The workshop "Management, Ethics and Accountability" organized by EECARO and referred to above also included sessions on supervisory accountability for ethics. The training sessions on supervisory accountability for ethics reinforced the message that the extent to which managers and supervisors demonstrated ethical conduct not only influenced the behaviours of their staff directly, but also shaped the norms and expectations of appropriate conduct that became instilled in the UNFPA ethical culture. These sessions were also conducted for staff from the Programme Division and the Division for Management Services. The Ethics Adviser also briefed the UNFPA Executive Committee on ethical leadership and the obligations of Executive Committee members to ensure that their conduct was always above board and that their actions exemplified the highest ethical standards of conduct at all times.

24. The UNFPA senior managers meeting in December 2011, in Amman, Jordan, which was attended by all UNFPA Representatives and senior staff from headquarters, was an opportunity to reinforce the ethical leadership role expected of managers and supervisors. At this meeting, the topic of ethics and ethical behaviour was introduced by the Executive Director in the context of accountability for results and team performance and as being integral to the implementation of the UNFPA strategic plan. A working group session on ethics was included in the agenda of this meeting and enabled an open discussion on a range of ethics-related issues, the key ethical challenges and organizational risks faced by senior managers and how these could be addressed, and the sensitivities associated with decision-making in these situations. There was consensus that staff and management were accountable for organizational results.

25. Incorporating face-to-face ethics training sessions in training events and meetings organized by LCMB and other organizational units at the regional and headquarters levels and the inclusion of ethics and ethical practices in the curricula of procurement training workshops and webinars organized by PSB, has proved to

be cost-effective, ensured wide participation and contributed to institutionalizing ethics training.

26. The online training course on "Ethics, Integrity and Anti-Fraud: Setting the Standard at UNFPA", which was launched in 2009 and is a collaborative undertaking of LCMB, the Division for Oversight Services (DOS) and the UNFPA Ethics Office, is listed in the UNFPA induction portal which is the first port of call for new staff members. LCMB maintains a database of all those who have completed the course and sends out regular reminders to staff to ensure compliance. The course has also been included in the list of mandatory courses in the UNFPA Performance Appraisal and Development (PAD) system. Consequently, beginning in 2011, staff members are required to certify in their respective PADs that they have completed the ethics online course and supervisors in turn are required to record compliance in the respective year-end reviews of their supervisees. These actions have also contributed to the process of institutionalizing ethics within the organization and expanding the responsibility for the ethics function beyond the Ethics Office.

27. The booklet "Walking the Talk: Ethics in Action at UNFPA", which was issued in 2011, was another undertaking by the UNFPA Ethics Office to reinforce the role of ethics in organizational accountability. The booklet draws on the most common ethics-related issues and concerns brought to the attention of the Ethics Office since its establishment. It aims to increase staff members' sense of right and wrong conduct and acceptance of accountability for their actions, so that they could take appropriate steps to rectify lapses that could compromise their own integrity and that of the organization. The booklet describes a variety of situations/actions that could impinge on the impartiality and independence expected of official decision-making and the organizational processes and procedures that prevent, restrict or manage these situations/actions. The booklet also draws attention to behaviours associated with respectful workplace conduct and the special obligation of managers and supervisors to create work environments that are free of intimidation, personal favouritism and retaliation.

28. The UNFPA Ethics Office continued to maintain an active Intranet website to keep staff informed of the activities of the Ethics Office and the services it offers to staff. The website is a key communication tool to facilitate continuous ethics education throughout a staff member's career. The website provides easy access to all ethics-related guidelines, policies and procedures; the mandatory online ethics course (English, French and Spanish versions); case studies on ethical decision-making and training materials. The website also includes quizzes and scenarios of various ethics-related situations that staff can be faced with in their daily work together with guidance on appropriate responses. The protection against retaliation intake form is posted on the website. The form guides staff on the type of information required to support a formal complaint of retaliation that is made to the Ethics Office pursuant to the UNFPA policy on "Protection against Retaliation for Reporting Misconduct or for Cooperating with Duly Authorized Audits or Investigations".

## C. Protection against retaliation for reporting misconduct and for cooperating with duly authorized fact-finding activities

29. The objective of the UNFPA policy on protection against retaliation is to encourage and empower staff members to speak up against acts of misconduct and to participate in duly authorized fact-finding activities such as audits, evaluations, investigations, inspections or management reviews without fear of retaliation. "Retaliation" within the context of this policy means any direct or indirect detrimental action recommended, threatened or taken because an individual reported misconduct in good faith or cooperated with an authorized fact-finding activity. When established, retaliation is by itself misconduct. The policy is a mechanism to enhance good corporate governance and to ensure that the organization functions in a transparent and accountable manner.

30. One of the key functions of the UNFPA Ethics Office is to administer the protection against retaliation policy. When the Ethics Office receives a complaint of retaliation pursuant to the policy, it makes an initial assessment that can lead to a determination that the situation warrants preliminary review. If the circumstances warrant a preliminary review then the Ethics Office will determine if the complainant engaged in a "protected activity", i.e., reported in good faith a misconduct or participated in a duly authorized fact-finding activity and, if so, whether the protected activity contributed to the alleged retaliation or threat of retaliation. If after preliminary review the Ethics Office determines that there is a prima facie case of retaliation or threat of retaliation then the matter is referred to DOS or an alternative investigating body, if required, for a formal investigation and the burden of proof shifts to the organization, requiring management to show that it would have taken the same action against the complainant, absent the protected activity. Pending the completion of the formal investigation, the Ethics Office could propose to the Executive Director interim measures to safeguard the interests of the complainant.

31. In 2011, two staff members consulted the UNFPA Ethics Office on the provisions of the protection against retaliation policy. Both staff members had reported misconduct and requested guidance from the Ethics Office on the scope and applicability of the protection policy. The Ethics Office informed the staff members of the informal and formal mechanisms to report retaliation in accordance with the policy. Both staff members opted to contact the Office of the Ombudsman for the United Nations funds and programmes (UNDP/UNFPA/UNICEF/UNOPS) with regard to their respective cases.

32. As mentioned above, the UNFPA Ethics Office uses the opportunity of its training and communication activities to encourage staff to report misconduct and to increase awareness of the provisions of the protection against retaliation policy. This complements the functions of DOS which emphasize the "duty" of staff to report misconduct.

## D. Advice and guidance

33. The provision of timely responses to individual requests for advice and guidance contributes to ensuring ethical conduct and preserving the integrity of the organization. In 2011, the UNFPA Ethics Office responded to 149 individual

inquiries for advice and guidance on a range of ethics-related issues and concerns. The increase in the number of inquiries highlights the critical role of the advice and guidance function and also reflects the trust placed in the Ethics Office: 35 in 2008; 102 in 2009; 144 in 2010; and 149 in 2011. Figure 6 provides a breakdown of the requests for ethics advice by issue in 2011. Figure 7 provides a comparison between the volume and types of requests received in 2008, 2009, 2010 and 2011.

Figure 6
**Requests for ethics advice by issue in 2011**

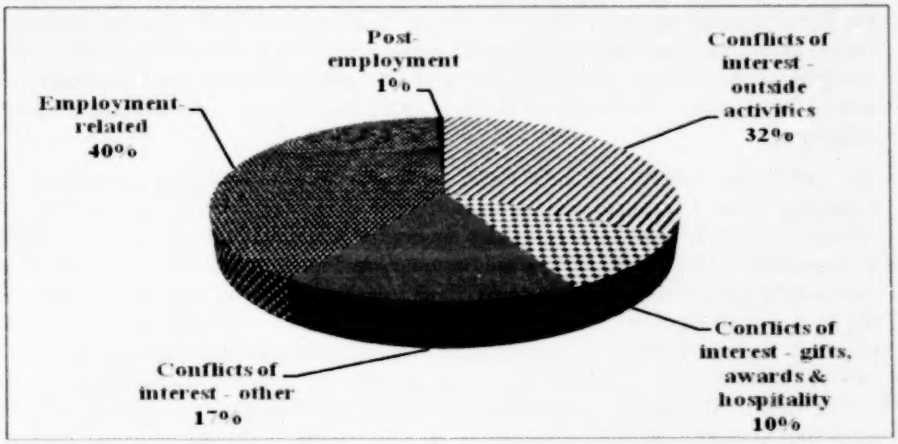
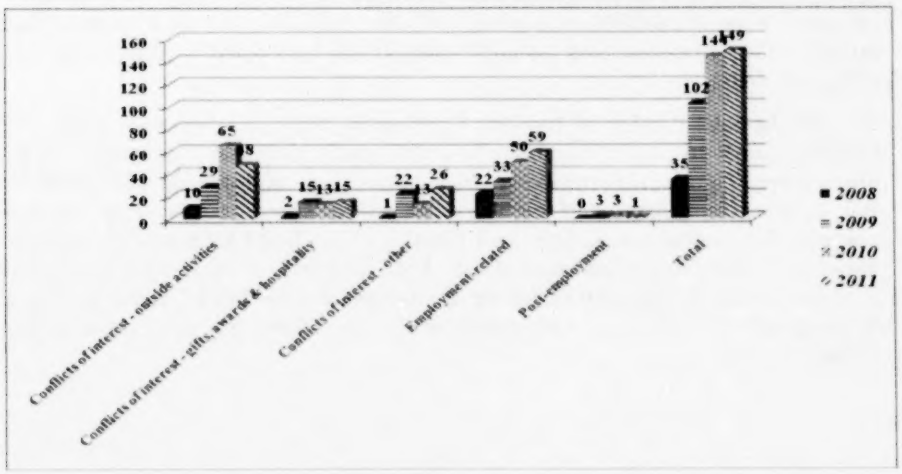

Post-employment 1%
Conflicts of interest - outside activities 32%
Employment-related 40%
Conflicts of interest - gifts, awards & hospitality 10%
Conflicts of interest - other 17%

Figure 7
**Requests for ethics advice: Comparison of 2008, 2009, 2010 and 2011 data**




34. As was the case in previous years, in 2011, the majority of requests (59 per cent) for advice and guidance fell under the category "conflicts of interest". Of the 89 inquiries on conflicts of interest received in 2011, 48 inquiries were related to participation in outside activities such as board memberships in a variety of not-for-profit organizations, participation in expert group meetings and panels, submission

of articles to magazines and journals, and teaching assignments; 15 inquiries pertained to the receipt of gifts, awards and hospitality; and 26 inquiries related to other conflict of interest situations. The UNFPA Ethics Office is of the view that the guidance it provided served to prevent, mitigate and resolve actual, potential and perceived conflicts of interest.

35. Employment-related inquiries, totalling 59, constituted 40 per cent of the total number of requests for advice and guidance in 2011. This number represents an 18 per cent increase from the number recorded in this category in 2010. The nature and type of inquiries in this category could be classified into: (a) concerns with regard to the fair and equal treatment of staff; (b) clarification of the policy on harassment, sexual harassment and abuse of authority and the policies relating to accountability, disciplinary procedures and measures, and due process following allegations of misconduct; and (c) communication styles and behaviours that undermined respect and dignity.

36. While the UNFPA Ethics Office is not responsible for resolving grievances or replacing existing mechanisms for reporting and/or investigating misconduct, it advises staff on ethical standards and behaviours. The Ethics Office can assist staff in providing information on relevant policies and procedures and other entities within UNFPA and the United Nations system in order to assist staff in deciding on the processes or entities best suited to address their concerns. The Ethics Office is of the view that the increase in the number of employment-related inquiries in 2011 can be attributed to the trust placed in the Ethics Office and, furthermore, a recognition of its ability and willingness to provide impartial clarification of the rules and standards of the organization. In this regard, it should be noted that in some of the situations referred to in paragraph 35 above, it appeared that those who approached the Ethics Office were aware that the Ethics Office was not the appropriate unit for the resolution of the issues raised, yet they sought to voice their concerns to the Ethics Office. In other instances, the concerned staff members had informed the appropriate and assigned entities, and also opted to keep the Ethics Office informed.

37. Of the total number of requests received in 2011, 73 were from field staff members and 76 were from headquarters staff members, including senior management (figure 8). Furthermore, 78 inquiries were from female staff members and 71 were from male staff members (figure 9). The provision of advice and guidance is a critical risk management function of the UNFPA Ethics Office and is integral to minimizing organizational risk. Also, the types of requests for advice and guidance, serve as a basis for designing new communication initiatives (as described in paragraph 27), which in turn reinforce the preventive function of the Ethics Office.

Figure 8
**Requests for ethics advice: Breakdown by location**

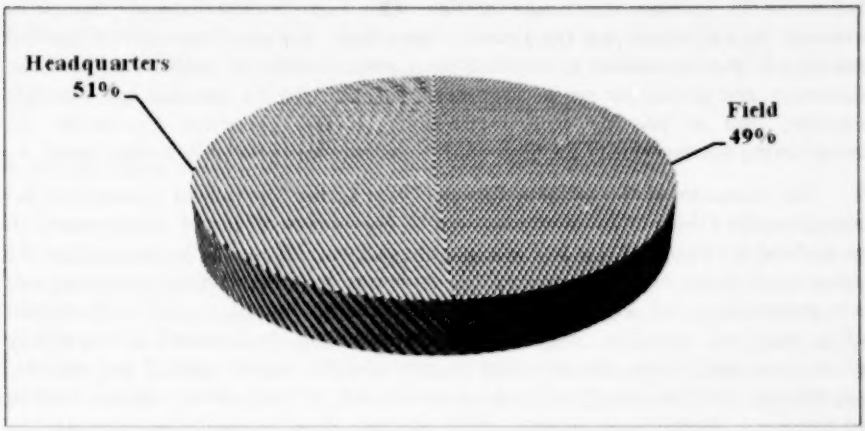
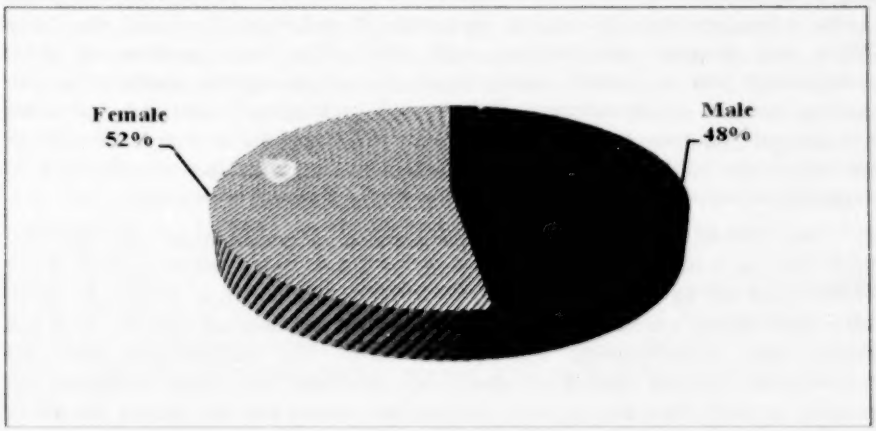



Figure 9
**Requests for ethics advice: Breakdown by gender**




## E. Standard-setting and policy support

38. Advocacy for ethics standard-setting and providing guidance to management on the incorporation of these standards in organizational practices and processes is a key function of the UNFPA Ethics Office. Management's visible commitment to undertake oversight responsibility for the inclusion of ethics concepts, as appropriate, in organizational policies, encourages line managers responsible for drafting UNFPA guidelines, rules and regulations to pay due attention to these concepts during policy formulation and influences staff at large to be mindful of ethical considerations in their interactions with external stakeholders and within UNFPA when implementing these policies.

39. In July 2011, upon the recommendation of the UNFPA Ethics Office, the Fund's senior management expanded the membership of the UNFPA Operations Committee to include the Ethics Office. The two UNFPA Deputy Executive Directors jointly chair the Operations Committee. Included among the several functions of the Operations Committee is its responsibility to ensure that policies, procedures and guidelines are in alignment with the UNFPA mandate and strategic direction; and to provide recommendations to the Executive Committee on strengthening accountability for high-quality programming and risk management.

40. The inclusion of the UNFPA Ethics Office in the Operations Committee has formalized the Ethics Office's engagement in organizational policy development. It has enabled the Ethics Office to participate in and provide inputs, as required, in the inclusion of ethics concepts in new (or revisions to) organizational policies that were presented to the Operations Committee. In this regard, in 2011, the Ethics Office provided inputs in respect of the policies that are related to emergency procurement procedures; the awarding of grants under country, global and regional programmes; and the receipt of in-kind goods and services from external entities and proposed measures to prevent and/or manage possible conflicts of interest in these situations.

41. In view of the nature of the inquiries in the category "employment-related issues" addressed to the UNFPA Ethics Office in connection with its advisory and guidance function (and referred to in paragraphs 35 and 36 of this report), the Ethics Office had frequent consultations with DHR. The main purpose of these consultations was to identify measures to enforce managerial compliance with existing policies on recruitment/selection and performance appraisal and other policies and processes that promoted the fair and respectful treatment of staff. In this regard, the Ethics Office worked with DHR in the preparation of a directive on respectful workplace conduct that was issued by the Executive Director.

42. The UNFPA Ethics Office also participated in consultations and provided inputs in connection with the development of a new competency framework for UNFPA staff led by DHR. The competency framework which is in the process of being finalized has a strong focus on behaviours that demonstrate integrity, trust and respect, and accountability. The Ethics Office also collaborated with the Procurement Services Branch in identifying processes that could safeguard the integrity of staff when dealing with vendors and ensure that the actions did not in any way compromise the reputation of the organization.

## IV. United Nations Ethics Committee and Ethics Network

43. The UNFPA Ethics Office participated in all nine UNEC meetings in 2011. UNEC continues to be an excellent forum for the sharing of experiences and learning. The engagement with UNEC has been very useful whether it be consulting on new and emerging ethics-related issues; participating in discussions on harmonization of the protection policy; reviewing the financial disclosure programmes; developing a framework to ensure adherence to a consistent methodology when responding to requests for ethics advice and guidance; or identifying areas for collaboration in the design and development of new training initiatives.

44. The UNFPA Ethics Office also participated in the annual meeting of the Ethics Network of Multilateral Organizations and was actively engaged in the preparation of the agenda for this meeting. Further information on the work of UNEC and the Ethics Network is provided in the Report of the Secretary-General on the Activities of the Ethics Office (A/66/319) presented at the sixty-sixth session of the General Assembly.

## V. Conclusion

45. In 2011, the UNFPA Ethics Office intensified its efforts towards institutionalizing ethics in the organization. It successfully advocated for the integration of ethics and integrity concepts in organization-wide discourses and initiatives to strengthen accountability and for the establishment of mechanisms that would enable the formal and explicit inclusion of ethics concepts in organizational policies and practices. The aforementioned have been definite milestones in the progression of the work of the Ethics Office and have contributed to its increased visibility and the use of its services by staff and management.

46. At the same time, in order to ensure that ethics is a part of the daily work and practices of all organizational units and included in decision-making at all levels of the organization, heads of offices at country/regional/headquarters levels need to be more actively engaged in promoting a culture of ethics in their respective offices. While several heads of offices have indeed set aside time for ethics learning in their respective offices in 2011, and have initiated regular discussions with their staff on ethical conduct, from feedback received by the UNFPA Ethics Office, it would appear that this is not being done systematically across the board. Against this background, the consensus reached at the UNFPA senior managers meeting — that staff and management are accountable for organizational results — is particularly important as it reinforces (a) the obligation of all staff members, irrespective of grade levels, to adhere to the highest ethical standards; and (b) the responsibility of heads of offices to proactively monitor adherence to these standards. Supporting heads of offices in their endeavours to inculcate ethics in the workplace and advocating for further mechanisms and processes to support the institutionalizing of ethics within the organization will be priority areas of work for the Ethics Office in 2012.